Manitoba

ANNUAL REPORT

1990-91

Manitoba
Horse Racing
Commission

Dan F. Williams, Q.C., Chairman
Ian A. MacKenzie, Vice Chairman
Brett Arnason, Member
Catherine Mollard, Member
Jim Moore, Member

MANITOBA HORSE RACING COMMISSION

Box 40, Station A, Winnipeg, Manitoba R3K 1Z9 Tel. (204) 885-7770 Fax (204) 831-0942

June 19, 1991

Minister
Industry, Trade & Tourism
Room 358
Legislative Building
Winnipeg, MB
R3C OV8

Attention: The Honourable Eric Stefanson

Dear Sir:

The undersigned has the honour to present the Twenty-Fifth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 1991.

Yours truly,
MANITOBA HORSE RACING COMMISSION

Dan F. Williams, Q.C.
Chairman
DFW/jlc

TWENTY-FIFTH ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

for the year ending March 31, 1991

COMMISSIONERS - As of June 19, 1991.

Dan F. Williams, Q.C.	Chairman	Winnipeg
Ian A. MacKenzie	Vice Chairman	Portage la Prairie
Catherine Mollard	Member	Stonewall
James Moore	Member	Winnipeg
Brett Arnason	Member	Winnipeg

TABLE OF CONTENTS

	PAGE
GENERAL	1
THOROUGHBRED RACING	1
STANDARDBRED RACING	2
QUARTER HORSE RACING	3
FUTURE OUTLOOK	3
SECURITY	3
RULINGS, FINES & APPEALS	3
DRUG CONTROL	4
STATISTICAL INFORMATION	4

	SCHEDULE
THOROUGHBRED	A
STANDARDBRED	B
RURAL CIRCUIT	C
QUARTER HORSE	D
LICENSES & REGISTRATIONS	E

TWENTY-FIFTH ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31, 1991.

Thoroughbred Racing

As a result of a concerted effort by every segment of the industry the decline in spectator and pari-mutuel support experienced during the last few years was arrested, with the result that betting levels for 1990 were stabilized at almost the same level as 1989, and in fact showed a marginal increase from $38,665,386 to $38,772,625. However, this was in part the result of an increase in race days from 120 to 121 so that the daily average declined from $322,211 to $320,434. Moreover, a significant portion of the total betting handle was realized through the operation of a chain of betting theatres established throughout the province which came on line during the year, with $8,883,805 of the total betting of $38,772,625 having been placed in the theatre locations. These now total 16 of which 3 are located in Winnipeg and 13 in various locations in rural Manitoba. Unfortunately, as the introduction of betting theatres was able to simply offset what has become an annual decline in pari-mutuel support for this industry, the net result was a significant decline in the net dollars available to the horsemen and the Association arising as a result of the high costs associated with providing pari-mutuel racing to remote off-site theatre locations.

During the year competition from other forms of entertainment and gambling opportunities continued to proliferate and the industry remains in a high risk position in this province. While this is no solace to the many Manitobans dependent upon the industry for their livelihood and support, the situation is not unique to Manitoba and with the exception of one or two densely populated areas of North America, the industry on a whole is in a critical state. The industry depends heavily on and is grateful for the continued enlightened support of the government for this important provincial industry.

There are highlights to report as well. The international amateur races introduced to Canada at Assiniboia Downs continued to improve in number, importance and quality with the result that Manitoba hosted a men's division race featuring top amateur jockeys from Italy, U.S.A., Holland, Belgium, Spain, and Czechoslovakia and a women's division featuring top riders from U.S.A., Switzerland, Norway, Italy, Germany, Denmark, Sweden and the United Kingdom. Although this year none of the Manitobans racing on behalf of their country were fortunate enough to win a division, one male amateur rider from Winnipeg was chosen to ride on behalf of Canada in an

. . . 2

international meet which took place in Russia.

The Thoroughbred breeding industry continues to show signs of improvement and during this past season two Manitoba bred horses earned in excess of $160,000 at Assiniboia Downs in open competition against some of the better horses produced in neighbouring provinces and states.

Standardbred Racing

Although this industry continues to enjoy enthusiastic support from its rural roots in Manitoba, unfortunately the advent of betting theatres has not significantly changed the outlook for the future. Thus, betting handles declined from $14,745,722 in 1989/90 to $14,009,821 in 1990/91. It is to be noted that a large portion of the Standardbred handle came through betting theatres, being $4,941,291 of the total $14,009,821. Of course, the high costs associated with the betting theatres means less net dollars for all concerned than would be the situation had the Standardbred handle been bet at the race track. Daily average handles declined from $158,556 to $152,280.

The industry was once again beset by severe inclement weather which resulted in the cancellation of an extraordinary number of race days and which affected attendance on those days when marginal weather conditions permitted live racing.

The future of this branch of the industry remains precarious particularly if one takes into consideration the newly arisen competition stemming from easy availability of imported simulcast racing.

On a bright note, for the first time in a number of years, the Manitoba Great Western Harness Racing Circuit enjoyed a full season without the loss of a single race let alone the loss of a full card due to inclement weather. As a result 32 days of racing were offered between mid June and mid September at 12 different locations in rural Manitoba. In spite of the economic times, this resulted in an increase in pari-mutuel activity from $768,815 to $821,968. In keeping with the good turn of fortune, the Circuit did not lose any members for 1991 and has accepted the application of Beausejour to become part of the Circuit in 1992.

. . . 3

Quarter Horse Racing

Once again this proved to be a very successful spectator sport in rural Manitoba but failed to attract any substantial betting interest. At the same time, the popular appeal of this relatively new form of racing for Manitoba continued to grow in Winnipeg, both in terms of spectator support and support at the pari-mutuel level. As the result of this trend, the quality of horses, jockeys, trainers and others involved in the industry continues to show marked improvement and it is expected that this trend will continue into the coming season.

Future Outlook

I am sorry to have to once again report that the overall outlook for the racing industry in Manitoba is somewhat grim but no worse than most other areas of North America. However, the industry as a whole continues to view its future optimistically and continues to strive to remain viable and self-sufficient. The industry has continued to rely on the government turning back to the industry for its survival all funds generated through pari-mutuel activities except the minimum amount required to meet government expenditures incurred in regulating the industry. The industry at present is content to survive or fail without government assistance from general revenue but does require and does appreciate government support for its programs which are currently financed through rebates from the pari-mutuel tax levelled on bets placed in the province.

Security

The Commission enjoyed continued success with its mandatory drug and alcohol testing procedures and education and rehabilitation programs. As a result incidences of drug or alcohol impairment in the workplace have been largely eliminated particularly insofar as safety is concerned and the Commission in cooperation with the horsemen and the track operators continues to strive for a safe, clean work environment.

Rulings, Fines and Appeals

During the Thoroughbred meet, 77 rulings were issued by the Board of Stewards resulting in 47 fines totalling $3,125 and 13 suspensions for 66 total days plus an additional 2 indefinite suspensions. Two Stewards decisions were appealed, and both appeals were denied (ie. the Stewards decisions were upheld). A total of 77 horses were claimed, including a single Quarter Horse for $3,000, with total claims amounting to $358,000 inclusive of the Quarter Horse.

. . . 4

During the Standardbred meet, 141 rulings were issued by the Board of Judges resulting in 109 fines totalling $8,590.00 and 23 suspensions for 133 days plus an additional 4 indefinite suspensions. Three Judges decisions were appealed, and all appeals were denied (ie. the Judges decisions were upheld). A total of 10 horses were claimed, with total claims amounting to $26,900.

Drug Control (Equine)

During the Thoroughbred meet, there were two incidences of positive findings and during the Standardbred meet another two. All were non-performance enhancing drugs and all were the result of careless or negligent barn and medication practices rather than a deliberate attempt to affect the outcome of a race.

Statistical Information

Statistics supplied by outside parties have not been verified by the Commission.

SCHEDULE A

Thoroughbred Racing - Assiniboia Downs

	1990	1989
Pari-Mutuel Handle		
Assiniboia Downs	$ 29,888,820	$ 38,665,386
Betting Theatre	8,883,805	
Total:	$ 38,772,625	$ 38,665,386
* Number of Race Days(Live & S.Cast)	121	120
* Average Daily Handle (ASD)	247,015	322,212
* Attendance (Live & Simulcast (ASD)	297,780	354,069
* Average Daily Attendance (ASD)	2,461	2,951
* Per Capita Wagering (ASD)	100	109
Gross Purses	3,760,117	3,730,165
Number of Races	1,163	1,176
Per Race Purse Average	3,233	3,172
Federal Takeout (Total)	310,181	309,323
Provincial Takeout (Total)	3,559,886	3,555,664
**Simulcast Handle - Out of Province	2,471,020	

Provincial Support Programs

	1990	1989
3% Prov. Govt. Rebate	$ 1,163,178	$ 1,159,962
Purse Support (Overnight)	1,392,218	1,391,178
Purse Supplements	189,656	289,305
Purse Stakes Support	103,175	102,860
Breeder Owners Awards (Teletheatre)	58,737	
Breeder Awards	169,661	160,750
Stallion Awards	40,612	33,538
C.T.H.S. Administration	43,375	43,375
TOTAL	$ 3,160,612	$ 3,180,968

* Includes Simulcast Racing On Days When No Live Racing Took Place
**Province of Manitoba receives no direct revenue from this handle

SCHEDULE B

Standardbred Racing - Assiniboia Downs

	1990/91	1989/90
Pari-Mutuel Handle		
Assiniboia Downs	$ 9,068,530	$12,793,124
Betting Theatre	4,941,291	1,952,598
Total:	$ 14,009,821	$14,745,722
Number of Race Days	92	93
Average Daily Handle (ASD)	98,571	137,560
Attendance	81,883	99,467
Average Daily Attendance (ASD)	890	1,070
Per Capita Wagering (ASD)	111	129
Gross Purses	1,288,343	1,352,797
Number of Races	998	991
Per Race Purse Average	1,291	1,365
Federal Takeout (Total)	112,079	117,966
Provincial Takeout (Total)	1,383,903	1,433,312
**Simulcast Handle - Out of Province	4,442,297	3,153,211

Provincial Support Programs

	1990/91	1989/90
Purse Support (Overnight)	$ 691,951	$ 716,656
Breeders Owners Awards (Teletheatre)	(21,224)	35,992
Sires Stakes	147,500	137,500
Breeders Awards	54,264	53,859
Owners Awards	54,205	53,883
* M.S.S. & B.A. Administration	14,500	4,500
TOTAL	$ 941,196	$ 1,002,390

* Part of 1989/1990 fiscal year funds for 1989 calendar year advanced in 1988/1989 fiscal year

**Province of Manitoba receives no direct revenue from this handle

SCHEDULE C

Standardbred Racing - Rural Circuit

	Racing Days		Amount Wagered	
	1990	1989	1990	1989
Carberry	2	1	$ 43,090	$ 31,885
Carman	2	2	50,192	58,107
Deloraine	2	2	48,299	54,482
Glenboro	2	1	52,902	23,659
Holland	2	2	58,588	63,001
Killarney	3	3	85,256	85,787
Minnedosa	2	2	55,004	63,622
Pilot Mound	3	2	68,123	54,376
Portage	6	3	190,001	104,133
Virden	2	1	41,679	21,764
Wawanesa	2	2	44,752	65,101
Miami	4	6	84,082	142,898
TOTALS	32	27	$ 821,968	$ 768,815

Other Comparative Statistics

	1990	1989
Attendance	33,510	33,223
Average Daily Attendance	1,047	1,230
Gross Purses	$356,966	$325,056
Per Race Purse Average	$ 1,123	$ 1,137

Provincial Support Programs

	1990	1989
Purse Supplements	$136,800	$135,850
Breeders/Owners Awards	62,834	63,358
Sires Stakes	20,000	20,000
Grants	16,568	18,721
TOTALS	$ 236,202	$ 237,929
Per Capita Wagering	$ 24.53	$ 23.14

SCHEDULE D

Quarter Horse Racing

	1990	1989
Pari-Mutuel Handle		
Rossburn	$ 5,866	$ 7,202
Racing Days		
Rossburn	2	2
Provincial Support Program		
Purse Supplements		6,900
Sires Stakes	4,000	4,000
Administration Grant	500	500
Awards	7,600	
TOTAL	$ 12,100	$ 11,400

SCHEDULE E

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 1991

Licenses	Thoroughbred	Standardbred
Owner	1001	288
Owner/Trainer	138	74
Owner/Driver		12
Trainer	35	3
Assistant Trainer	8	
Owner/Trainer/Driver		81
Jockey	43	
Apprentice Jockey	9	
Exercise Driver	45	
Driver		8
Driver/Trainer		4
Jockey Agent	3	
Officials	29	10
Backstretch	307	104
Association	180	107
Sponsored Person	513	142
Assistant Veterinarian		
Quarter Horse Ast. Jockey		
Quarter Horse	116	
Occ 1 (Kitchen, etc.)	57	17
Occ 2 (Press, etc.)	5	1
Occ 3 (Tradesmen, etc.)	37	16
Occ 6 (Veterinarians, etc.)	4	4
TOTAL LICENSES ISSUED:	2530	871

Registrations	Thoroughbred	Standardbred
Partnerships	264	21
Stable Names	167	3
Colours	21	
Leases	18	
Authorized Agents	192	19
Open Claims	13	

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with accounting policies stated in Note 2 to the financial statements. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Commission are properly safeguarded.

The responsibility of the Provincial Auditor and his staff is to express an independent professional opinion on whether the financial statements are fairly presented in accordance with the accounting policies stated in the financial statements. The Auditor's report outlines the scope of the audit examination and provides the audit opinion.

D. F. WILLIAMS, Q.C.
Chairman

ISER KAY, C.M.A.
Comptroller

Office of
the Provincial Auditor

905 - 386 Broadway
Winnipeg, Manitoba, CANADA
R3C 3R6

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Horse Racing Commission as at March 31, 1991 and the statements of revenue and expenditure and funds available for future operations and Government grant receipts and disbursements for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 2 reflects that the Commission's unfunded pension liability as at March 31, 1991 was $60,617. Had this unfunded pension liability and the associated pension costs been recorded in the financial statements, the Commission's liabilities would have increased by $60,617, the funds available for future operations would have decreased by that amount, and the Commission's pension costs would have increased by $4,333 for the year ended March 31, 1991.

In our opinion, except for the failure to record the information referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Winnipeg, Manitoba
May 24, 1991

F. H. Jackson, CA
Provincial Auditor

Exhibit A

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1991
(with 1990 figures for comparison)

	1991	1990
A S S E T S		
Current assets:		
Cash on hand and in bank	$ 188,063	$ 292,022
Grant receivable - Government of the Province of Manitoba	39,109	30,378
	227,172	322,400
Cash in bank - Funds held in trust (Note 4)	10,000	-
	$ 237,172	$ 322,400
L I A B I L I T I E S		
Current liabilities:		
Accounts payable and accrued liabilities	$ 11,584	$ 19,049
Advance - Government of the Province of Manitoba (Note 3)	200,000	200,000
Deferred revenue	6,440	6,575
	218,024	225,624
Funds held in trust (Note 4)	10,000	-
Funds available for future operations, Exhibit B	9,148	96,776
	$ 237,172	$ 322,400

APPROVED BY THE COMMISSION

Chairman

Comptroller

THE HORSE RACING COMMISSION — Exhibit B

Statement of Revenue and Expenditure and Funds Available for Future Operations
for the year ended March 31, 1991
(with 1990 figures for comparison)

	1991	1990
Revenue:		
Grant from the Government of the Province of Manitoba	$ 434,000	$ 434,000
Fees, licenses and fines (Note 5)	146,230	138,970
Interest	26,900	31,441
Sundry	519	77
	607,649	604,488
Expenditure:		
Advertising and promotion	2,804	2,082
Commissioners' per diem and honoraria	81,187	78,983
Drug, alcohol and security	25,757	30,805
Employee benefits	43,577	27,260
Equipment and office furniture	1,806	1,783
Equipment rentals	12,940	9,696
Health and post secondary education tax levy	-	3,808
Memberships and dues	6,950	6,227
Office	4,804	5,636
Professional fees	29,839	34,047
Recruiting costs	1,266	2,864
Repairs and maintenance	12,136	10,137
Research grant	5,000	5,000
Salaries:		
Administration	81,234	73,396
Security	37,694	24,815
Stewards and judges	240,462	220,650
Veterinarian services	67,324	64,763
Sundry	905	4,296
Telephone	7,881	8,528
Travel	31,711	27,899
	695,277	642,675
Expenditure over Revenue	(87,628)	(38,187)
Funds available for future operations at beginning of year	96,776	134,963
Funds available for future operations at end of year, Exhibit A	$ 9,148	$ 96,776

Exhibit C

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts
and Disbursements
for the year ended March 31, 1991
(with 1990 figures for comparison)

	1991	1990
Grant received from the Government of the Province of Manitoba	$ 4,350,110	$ 4,432,687
Grants disbursed:		
Thoroughbred		
Overnight purse support	$ 2,555,396	$ 2,551,140
Owners/breeders incentive	561,841	586,453
C.T.H.S. administrative grant	43,375	43,375
Standardbred		
Overnight purse support	691,951	716,656
Owners/breeders incentive	234,745	281,234
M.S.S. & B.A. administration grant	14,500	4,500
Standardbred rural		
Overnight purse support	136,800	135,850
Owners/breeders incentive	62,834	63,358
Stakes program	20,000	20,000
Grants	16,568	18,721
Quarter Horse		
Overnight purse support	-	6,900
Stakes program	4,000	4,000
M.Q.H.S. administrative grant	500	500
Awards	7,600	-
	$ 4,350,110	$ 4,432,687

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1991

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations and purchases of equipment and office furniture are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. Based on formulas provided in an actuarial report completed as at December 31, 1989, the unfunded liability on a non-indexed basis for the Commission's employees amounted to $ 60,617 as at March 31, 1991 ($ 56,284 - March 31, 1990).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit C) from the general administrative activities of the Commission.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1991

2. iv) Vacation Benefits

Accrued vacation pay is not recorded. The unrecorded liability amounted to $ 27,242 as at March 31, 1991. ($ 23,804 - March 31, 1990).

3. Advance - Government of the Province of Manitoba

The working capital advance is provided interest free to the Commission by the Government of the Province of Manitoba.

4. Funds held in trust

Funds held in trust represent a liability incurred by arrangement with the Manitoba Standardbred Sires and Breeders Association (M.S.S. & B.A.) as part of the 1990/91 Breeder and Owners Incentive Program Award. It is planned that this liability will be paid in 1993/94. The costs were included in 1990/91 Standardbred Owner/Breeder incentive grants on Exhibit C.

5. Fees, licenses and fines

	1991	1990
Thoroughbred		
Daily licenses	$ 42,420	$ 34,800
Fees and licenses	49,970	50,360
Fines	3,410	3,980
	95,800	89,140
Teletheatre	7,350	2,800
Standardbred		
Daily licenses	23,410	26,625
Fees and licenses	9,675	10,065
Fines	9,995	10,340
	43,080	47,030
	$ 146,230	$ 138,970

6. Comparative Figures

Comparative figures have been restated where necessary to conform with the presentation adopted for the current year.